

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 753 - SB 820

March 7, 2017

SUMMARY OF BILL: Removes licensure requirements for employees of registered scrap metal dealers as long as such employees are employed by the registered scrap metal dealer. Authorizes a registered scrap metal dealer to employ other registered scrap metal dealers. Requires a registered scrap metal dealer to list each place of business in this state upon registration and subsequent registration renewals. Establishes that any violation committed by an employee of a registered scrap metal dealer while acting in the scope of employment constitutes a violation by such dealer. Establishes that a scrap metal dealer is not required to register its headquarters. For purposes of promulgating rules, this bill shall take effect upon becoming law. For all other purposes, this bill shall take effect on January 1, 2018.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

\$20,600/FY17-18/Scrap Metal Registration Program

\$51,500/FY18-19/Scrap Metal Registration Program

\$58,800/FY19-20/Scrap Metal Registration Program

Exceeds \$66,100/FY20-21 and Subsequent Years/Scrap Metal Registration Program

Other Fiscal Impact - Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Scrap Metal Registration Program experienced a surplus of \$68,149 in FY14-15, a deficit of \$29,337 in FY15-16, and a cumulative reserve balance of \$354,852 on June 30, 2016.

Assumptions:

- Pursuant to the Scrap Metal Registration Program (SMRP) rule 0780-05-14-.03, any person who buys, exchanges, or deals in scrap metal either as an employer or employee/agent must register with the SMRP.
- Pursuant to SMRP rule 0780-05-14-.06, the initial cost of a biennial scrap metal dealer or dealer location license is a nonrefundable \$175. Each two-year renewal costs \$125.
- This bill will result in employees or agents of a registered scrap metal dealer no longer being required to be registered with the SMRP.

- Based on information provided the Department of Commerce and Insurance (TDCI), this bill will result in approximately 278 of the current 960 registered scrap metal dealers no longer being required to be licensed with the SMRP.
- This bill will exempt locations which are designated as a registered scrap metal dealer's "headquarters" from being required to be registered with the SMRP. "Headquarters" is not defined in the bill.
- Based on information provided by the TDCI, there are 218 dealer locations currently registered with the SMRP which will no longer be required to be registered with the SMRP.
- A decrease in current registrants of 496 (278 + 218).
- Based on information provided by TDCI, there were 234 initial applications for a scrap metal dealer or dealer location in FY15-16.
- Approximately 50 percent or 117 (234 x .50) initial applicants will no longer be required to register as a result of this bill.
- Annualized, the decrease in state revenue in FY17-18 is estimated to be \$41,238 $\{[(496 \times \$125) + (117 \times \$175)] / 2\text{-years}\}$.
- An effective date of January 1, 2018 will result in only half of the first year's impact or \$20,600 ($\$41,238 \times 50.0\%$) being realized in FY17-18.
- Annualized, the decrease in state revenue beginning in FY18-19 is estimated to be \$51,475 $\{[(496 \times \$125) / 2\text{-years}] + [((117 + 117) \times \$175) / 2\text{-years}]\}$.
- Annualized, the decrease in state revenue in FY19-20 is estimated to be \$58,788 $\{[(496 + 117) \times \$125) / 2\text{-years}] + [((117 + 117) \times \$175) / 2\text{-years}]\}$.
- Annualized, the recurring decrease in state revenue in FY20-21 and subsequent years is estimated to exceed \$66,100 $\{[(496 + 117 + 117) \times \$125) / 2\text{-years}] + [((117 + 117) \times \$175) / 2\text{-years}]\}$.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two- year period. The SMRP experienced a surplus of \$68,149 in FY14-15, a deficit of \$29,337 in FY15-16, and a cumulative reserve balance of \$354,852 on June 30, 2016.

IMPACT TO COMMERCE:

Decrease Business Expenditures - \$20,600/FY17-18
\$51,500/FY18-19
\$58,800/FY19-20
Exceeds \$66,100/FY20-21 and Subsequent Years

Assumptions:

- This legislation will result in a decrease in business expenditures for certain individuals working as scrap metal dealers, equal to the cost of registration that will no longer be incurred by such individuals.
- Any impact to jobs in Tennessee is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb